

August 22, 2011
AnGes MG, Inc.

Establishing a Subsidiary in the Business Field of Healthcare

AnGes MG, Inc. is pleased to announce that the establishment of a new subsidiary was resolved at Board of Directors' Meeting, held on August 22, 2011.

1. Reasons for establishing a subsidiary

From its founding, AnGes MG has been focusing on drug development and expanding its business, specializing in development of genetic medicine. In the R&D process, AnGes MG has fostered new technology seeds and ideas based on its various platform technology, know-how and intellectual property. In order to make optimum use of these valuable assets in a new field, AnGes MG decided to set up a subsidiary in the business field of healthcare with an aim to develop new products in this field.

AnGes MG has been working on drug development which requires tremendous amount of money and time, whereas in healthcare business, there is a potential to commercialize products in short period of time at a reasonable cost. AnGes MG plans to develop new products which make profits in relatively short period of time by taking advantage of its R&D outcomes and intellectual properties. In doing so, AnGes MG draws a clear line from existing drug development business by setting up a subsidiary and aims for agile operation.

Deputy-CEO of AnGes MG, Masanori Murayama will be the chief executive officer for the new company. He commented, "We have decided to set up a 100% subsidiary and to step up efforts to expand into healthcare business. Unlike novel drug development business of the parent company, AnGes MG, with healthcare products, we can generate sales early. We expect to handle multiple products but first, we plan to jointly develop upscale cosmetics with St. Louis International, Inc. aiming for the product launch next year. We plan to target the affluent in Japan and China and believe that we can contribute to the earning recovery of the parent company."

2. Company information

Company name:	AnGes Healthcare Science
Head office:	5-20-14, Shiba, Minato-ku
Representative:	Masanori Murayama
Scope of business:	Manufacture and sales of quasi drugs, cosmetics and other healthcare products, using drug research outcomes
Capital:	10 million yen
Establishment:	September 1, 2011 (scheduled)
Fiscal term:	December
Capital contribution ratio:	AnGes MG, Inc. 100%

3. Future outlook

Meanwhile, this trend will have minimum effect on the consolidated business performance for the fiscal year of 2011.